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PART III.

Legislative Measures and Rules thereunder.

NOTIFICATIONS.

No. 759—L. C., dated 25th May 1920.

Under Rule 31 of the Rules for the conduct of business of the Mysore Legislative Council, the accompanying Bill to amend the Negotiable Instruments Regulation, 1917, is published for general information with the statement of objects and reasons.

By Order,
P. MAHADEVAYYA,
Secretary, Mysore Legislative Council.

Bill to amend the Negotiable Instruments Regulation, 1917.

Whereas it is expedient to amend the Negotiable Instruments Regulation, 1917, His Highness the Maharaja is pleased to enact as follows:—

Amendment of Section 9.—1. In Section 9 of the Regulation for the words "payable to, or to the order of, a payee" the words "payable to order" shall be substituted.

Amendment of Section 13.—2. For Sub-Section 1 of Section 13 of the Regulation the following sub-section shall be substituted, namely;—

"(1) A 'negotiable instrument' means a promissory note, bill of exchange or cheque payable either to order or to bearer.

Explanation (i).—A promissory note, bill of exchange or cheque is payable to order which is expressed to be so payable or which is expressed to be payable to a particular person, and does not contain words prohibiting transfer or indicating an intention that it shall not be transferable.

Explanation (ii).—A promissory note, bill of exchange or cheque is payable to bearer which is expressed to be so payable or on which the only or last endorsement is an endorsement in blank.

Explanation (iii).—Where a promissory note, bill of exchange or cheque either originally or by endorsement, is expressed to be payable to the order of a specified person, and not to him or his order, it is nevertheless payable to him or his order at his option."

Amendment of Section 48.—3. In Section 48 of the Regulation for the words "payable to the order of a specified person, or to a specified person or order," the words, "payable to order" shall be substituted.

Amendment of Section 121.—4. In Section 121 of the Regulation, for the words "payable to, or to the order of a specified person," the words "payable to order" shall be substituted

STATEMENT OF OBJECTS AND REASONS.

The Negotiable Instruments, Act, 1881, of British India which has been introduced into Mysore by Regulation VII of 1917, has been amended by Act VIII of 1919 so as to bring the law into line with the existing commercial practice of the country. This amendment was introduced on account of the recent decision of the Bombay High Court in *Dosabhai* vs. *Virchand* reported in Bombay Law Reporter, Vol. XXI, No. 1, p. 1, in which it was held that "a cheque from which the word 'bearer' is struck out and there is no substitution of the word 'order,' is not negotiable within the meaning of the Negotiable Instruments Act, 1881, and that the custom of trade which exists in the Bombay Market whereby a cheque with the word 'bearer' struck out without the word 'order' is regarded as an 'order' cheque and negotiable, cannot legally be recognized."

This decision caused a good deal of confusion in Commercial and Banking Circles and led to the passing of Act VIII of 1919 in British India. The desirability of amending our Act on the lines of the British Indian enactment has been brought to the notice of the Government by the Chamber of Commerce, Mysore, and the proposed Bill is intended to secure that object.

No. 757—L. C., dated Camp Mysore, 25th May 1920.

A meeting of the Mysore Legislative Council will be held in the Public Offices Buildings, Bangalore, at 12 noon on Tuesday the 15th June 1920.

By Order,

P. MAHADEVAYYA,

Secretary, Mysore Legislative Council.